2016

WITZENBERG
Municipality • Munisipaliteit • UMasipala Wase

Annual Financial Statements

30 June 2016

AUDITOR-GENERAL
SOUTH AFRICA
30 NOV 2016

WC022 - WITZENBERG MUNICIPALITY

AUDITED - Trim ref 05/03/1

WITZENBERG MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

GENERAL INFORMATION

NATURE OF BUSINESS

Witzenberg Municipality is a local municipality performing the functions as set out in Part B of Schedules 4 & 5 of the Constitution of the Republic of South Africa. (Act No. 108 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Witzenberg Municipality includes the following areas:

Ceres
Op-die-Berg
Prince Alfred's Hamlet
Tulbagh
Wolseley

MUNICIPAL MANAGER

D Nasson

CHIEF FINANCIAL OFFICER

HJ Kritzinger

REGISTERED OFFICE

50 Voortrekker Street, Ceres, 6835

AUDITORS

Auditor-General South Africa

PRINCIPAL BANKERS

Standard Bank, Ceres

RELEVANT LEGISLATION

The Constitution of the Republic of South Africa
Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004), as amended
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
SALBC Leave Regulations
Remuneration of Public Office Bearers Act
Workman's Compensation Act

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WITZENBERG MUNICIPALITY

MEMBERS OF THE WITZENBERG MUNICIPALITY

COUNCILLORS

Position	Surname	Party	Seat type
Executive Mayor	Klaasen, BC	DA	PR 2
Deputy Executive Mayor	Adams, K	Independent	Ward 6
Speaker	Godden, TT	COPE	PR 1
Member of Mayoral Committee	Louw, S	DA	PR 1
Member of Mayoral Committee	Fredericks, JP	VIP	PR 1
Member of Mayoral Committee	Smit, HJ	DA	Ward 5
Member of Mayoral Committee	Visagie, JJ	DA	Ward 4
Ordinary Councillor	Badela, R	ANC	Ward 12
Ordinary Councillor	Du Plessis, JJ	DA	PR 3
Ordinary Councillor	Du Toit, MC	ANC	PR 1
Ordinary Councillor	Daniels, P	DA	Ward 7
Ordinary Councillor	Klazen, JNED	DCP	PR 1
Ordinary Councillor	Mouton, JS	ANC	PR 2
Ordinary Councillor	Ndwanya, SM	ANC	PR 4
Ordinary Councillor	Phungula, JT	ANC	PR 3
Ordinary Councillor	Salmon, L	ANC	Ward 8
Ordinary Councillor	Saula, MI	ANC	Ward 1
Ordinary Councillor	Sidego, EM	DA	Ward 11
Ordinary Councillor	Simpson, RJ	ANC	Ward 9
Ordinary Councillor	Swart, D	DA	Ward 2
Ordinary Councillor	Okada J	NPP	PR 1
Ordinary Councillor	Hanekom, WJ	DA	Ward 3
Ordinary Councillor	Smith, A	ANC	Ward 10

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in the notes of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

D Nasson
Municipal Manager

30/11/16
Date

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WITZENBERG MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Notes	2016 R	Restated 2015 R
ASSETS			
Current Assets		**165,595,521**	**130,226,679**
Cash and Cash Equivalents	2	97,039,728	62,383,031
Receivables from exchange transactions	3	49,894,912	48,554,541
Receivables from non-exchange transactions	4	6,672,523	6,057,375
Inventory	5	5,403,267	7,324,084
Current Portion of Long-term Receivables	6	7,495	52,300
Unpaid Conditional Government Grants and Receipts	7	12,375	821,870
VAT Receivable (net)	8	6,565,221	5,033,478
Non-Current Assets		**791,425,121**	**747,157,899**
Long-Term Receivables	6	-	113,693
Property, Plant and Equipment	9	712,892,875	656,775,481
Intangible Assets	10	2,645,647	2,689,747
Investment Property	11	48,506,152	48,833,256
Heritage assets	12	550,000	550,000
Operating Lease Asset	13	12,326	21,535
Capitalised Restoration Cost	14	26,818,121	38,174,187
Total Assets		**957,020,642**	**877,384,578**
LIABILITIES			
Current Liabilities		**96,796,137**	**80,773,741**
Payables from exchange transactions	15	53,707,640	50,151,048
Consumer Deposits	16	3,217,431	2,474,778
Current Employee benefits	17	16,941,160	15,508,663
Unspent Conditional Government Grants and Receipts	7	11,554,082	2,148,270
Unspent Public Contributions	18	1,282,898	1,631,250
Current Portion of Long-term Liabilities	19	10,092,926	8,859,732
Non-Current Liabilities		**158,428,205**	**159,670,864**
Long-term Liabilities	19	10,464,089	18,348,679
Non-Current Provisions	20	68,641,116	66,794,185
Employee benefits	21	79,323,000	74,528,000
Total Liabilities		**255,224,342**	**240,444,605**
Net Assets		**701,796,300**	**636,939,973**
Capital Replacement Reserve	22	9,548,191	9,430,377
Accumulated Surplus		692,248,109	627,509,596
Total Net Assets and Liabilities		**957,020,642**	**877,384,578**

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STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 (Actual) R	2015 (Restated) R	2015 Correction of error R	2015 (Previously reported) R
REVENUE					
Revenue from Non-exchange Transactions		193,473,972	204,553,707	-	204,553,707
Taxation Revenue		57,039,519	51,679,412	-	51,679,412
Property rates	23	55,604,297	50,327,630	-	50,327,630
Property Rates - penalties imposed and collection charges		1,435,222	1,351,782	-	1,351,782
Transfer Revenue		136,434,453	152,874,295	-	152,874,295
Fines		8,559,000	9,884,849	-	9,884,849
Government Grants and Subsidies - Capital	24	51,539,015	51,634,066	-	51,634,066
Government Grants and Subsidies - Operating	24	74,141,437	84,008,296	-	84,008,296
Public Contributions and Donations		2,195,001	7,347,084	-	7,347,084
Revenue from Exchange Transactions		317,036,592	269,140,377	-	269,140,377
Service Charges	25	279,542,152	240,269,470	-	240,269,470
Rental of Facilities and Equipment		8,168,837	9,272,786	-	9,272,786
Interest Earned - external investments		6,772,240	4,657,957	-	4,657,957
Interest Earned - outstanding debtors		9,827,814	7,585,300	-	7,585,300
Licences and Permits		161,051	152,857	-	152,857
Agency Services		4,236,694	3,849,268	-	3,849,268
Other Income	26	8,321,816	3,352,336	-	3,352,336
Unamortised Discount - Interest		5,788	403	-	403
Total Revenue		510,510,564	473,694,084	-	473,694,084
EXPENDITURE					
Employee related costs	27	120,803,885	117,696,414	1,760,487	115,935,927
Remuneration of Councillors	28	8,661,654	8,064,895	-	8,064,895
Debt Impairment	29	34,542,290	26,525,951	-	26,525,951
Collection Costs		327,229	518,789	-	518,789
Depreciation and Amortisation	30	26,978,789	25,405,795	(898,830)	26,304,625
Repairs and Maintenance		19,675,144	18,470,170	-	18,470,170
Unamortised Discount - Interest paid		1,138,434	1,485,916	-	1,485,916
Finance Charges	32	16,764,153	12,814,203	-	12,814,203
Bulk Purchases	33	160,424,870	138,170,284		138,170,284
Contracted services		15,876,571	30,787,049	1,565,715	29,221,334
Grants and Subsidies	34	969,262	921,770	-	921,770
General Expenses	35	43,247,125	34,299,114	770,276	33,528,838
Total Expenditure		449,409,406	415,160,350	3,197,648	411,962,702
Gain / (loss) on disposal of assets		(3,728)	3,986,400	(159,050)	4,145,450
(Impairment loss)	31	(21,500)	(22,534)	-	(22,534)
Gain on Adjustment of Provision		-	4,581,861	-	4,581,861
Inventories: (Write-down) / Reversal of write-down		(377)	(1,302)	-	(1,302)
Gain / (loss) on Actuarial Valuations	21	3,818,912	4,061,222	-	4,061,222
Asset Losses		(38,136)	-	-	-
NET SURPLUS FOR THE YEAR		64,856,329	71,139,381	(3,356,698)	74,496,079

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STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2016

	Notes	Capital Replacement Reserve	Accumulated Surplus/(Deficit)	Total
		R	R	R
Balance at 1 JULY 2014		**9,218,922**	**549,388,095**	**558,607,017**
Correction of error	36.12	0	7,193,575	7,193,575
Restated Balance at 1 JULY 2014		**9,218,922**	**556,581,670**	**565,800,592**
Contribution to Capital Replacement Reserve		12,503,989	(12,503,989)	-
Property, Plant and Equipment purchased		(12,292,534)	12,292,534	-
Restated Net Surplus for the year		-	71,139,381	71,139,381
Balance at 30 JUNE 2015		**9,430,377**	**627,509,596**	**636,939,973**
Contribution to Capital Replacement Reserve		23,121,037	(23,121,037)	-
Property, Plant and Equipment purchased		(23,003,223)	23,003,223	-
Net Surplus for the year		-	64,856,329	64,856,329
Balance at 30 JUNE 2016		**9,548,191**	**692,248,110**	**701,796,301**

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CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

	Notes	30 JUNE 2016 R	30 JUNE 2015 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Taxation	37	52,556,067	48,573,644
Sales of goods and services		273,033,348	237,684,919
Government Grants		136,362,739	137,668,796
Interest		18,035,276	13,595,039
Payments			
Employee costs		(110,757,471)	(108,436,128)
Suppliers		(233,810,071)	(216,999,228)
Finance charges	32	(16,764,153)	(12,814,203)
Transfers and Grants		(969,262)	(921,770)
Cash generated by operations	37	117,686,473	98,351,069
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	11	(75,936,392)	(64,026,341)
Purchase of Intangible Assets		(321,685)	(13,300)
Proceeds on Disposal of Fixed Assets		111,192	3,006,344
Increase/(Decrease) in Long-term Receivables	6	163,151	(154,816)
Net Cash from Investing Activities		(75,983,734)	(61,188,114)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(8,964,582)	(8,276,877)
New loans raised		1,175,887	-
Increase in Consumer Deposits		742,654	434,076
Net Cash from Financing Activities		(7,046,041)	(7,842,801)
NET INCREASE/(DECREASE IN CASH AND CASH EQUIVALENTS		34,656,697	29,320,154
Cash and Cash Equivalents at the beginning of the year		62,383,031	33,062,877
Cash and Cash Equivalents at the end of the year	2	97,039,728	62,383,031
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		34,656,697	29,320,154

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2016

	Actual 2016 R	Approved budget 2016 R	Adjustments 2016 R	Final budget 2016 R	Difference between final budget and actual	Actual 2015 R
Operating Revenue						
Property rates	55,604,297	55,695,932	-	55,695,932	-0.2%	50,327,630
Property Rates - penalties imposed and collection charges	1,435,222	860,070	-	860,070	66.9%	1,351,782
Fines	8,559,000	8,358,770	-	8,358,770	2.4%	9,884,849
Government Grants and Subsidies - Capita	51,539,015	24,179,557	29,027,917	53,207,474	-3.1%	51,634,066
Government Grants and Subsidies - Operating	74,141,437	82,346,616	(5,658,711)	76,687,905	-3.3%	84,008,296
Public Contributions and Donations	2,195,001	1,293,000	1,025,806	2,318,806	-5.3%	7,347,084
Service Charges	279,542,152	271,800,493	-	271,800,493	2.8%	240,269,470
Rental of Facilities and Equipment	8,168,837	8,043,850	-	8,043,850	1.6%	9,272,786
Interest Earned - external investments	6,772,240	2,996,250	-	2,996,250	126.0%	4,657,957
Interest Earned - outstanding debtors	9,827,814	4,883,280	-	4,883,280	101.3%	7,585,300
Licences and Permits	161,051	288,100	-	288,100	-44.1%	152,857
Agency Services	4,236,894	3,601,990	-	3,601,990	17.6%	3,849,268
Other Income	12,140,728	4,520,000	-	4,520,000	168.6%	15,981,819
Unamortised Discount - interest	5,788	-	-	-	-	403
Total revenue	**514,329,476**	**468,867,908**	**24,395,012**	**493,262,920**	**-4.3%**	**486,323,667**
Operating Expenditure						
Employee related costs	120,803,885	131,367,445	(7,479,951)	123,887,494	2.5%	117,696,414
Remuneration of Councillors	8,661,654	8,949,345	-	8,949,345	3.2%	8,064,895
Debt Impairment	34,542,280	20,754,280	19,470,000	40,224,280	14.1%	26,525,951
Collection Costs	327,228	798,850	(370,700)	428,150	23.7%	518,789
Depreciation and Amortisation	26,978,789	24,053,863	4,749,999	28,803,862	6.3%	25,405,795
Repairs and Maintenance	19,675,144	21,779,899	(21,032)	21,758,867	9.6%	18,470,170
Unamortised Discount - interest paid	1,138,434	1,556,310	(400,000)	1,156,310	1.5%	1,485,916
Finance Charges	16,764,153	11,758,777	5,010,000	16,768,777	0.0%	12,814,203
Bulk Purchases	160,424,870	162,743,975	(2,300,000)	160,443,975	0.0%	138,170,264
Contracted services	15,876,571	19,954,967	(63,632)	19,891,335	20.2%	30,787,049
Grants and Subsidies	969,262	831,340	139,000	970,340	0.1%	921,770
Other expenses	43,310,886	50,574,057	-921,242	49,652,815	12.8%	34,322,950
Total expenditure	**449,473,147**	**455,124,108**	**17,812,442**	**472,936,550**	**5.0%**	**415,184,186**
Surplus/(deficit) for the period	**64,856,329**	**13,743,800**	**6,582,570**	**20,326,370**	**-219.1%**	**71,139,381**
Operating expenditure by vote						
Budget & Treasury Office	32,305,839	36,929,287	(173,000)	36,756,287	12.1%	33,688,022
Civil Services	107,774,542	89,422,862	23,260,479	112,683,341	4.4%	86,466,051
Community & Social Services	23,016,404	22,597,578	961,088	23,558,666	2.3%	18,972,879
Corporate Services	28,769,266	26,599,382	2,500,548	29,099,930	1.1%	34,609,141
Electro Technical Services	182,233,016	188,303,312	(3,228,766)	185,074,546	1.5%	157,805,330
Executive & Council	24,138,834	27,761,785	(1,135,226)	26,626,559	9.3%	22,088,988
Housing	2,906,534	11,487,016	(7,803,438)	3,683,578	21.1%	17,743,879
Planning	6,592,167	9,224,181	(1,292,500)	7,931,681	16.9%	4,421,119
Public Safety	21,276,062	22,119,977	3,343,701	25,463,678	16.4%	19,815,816
Sport & Recreation	20,458,483	20,676,498	1,379,556	22,056,054	7.2%	19,792,961
Total operating expenditure by vote	**449,473,147**	**455,121,878**	**17,812,442**	**472,934,320**	**4.96%**	**415,184,186**
Capital expenditure by vote						
Budget & Treasury Office	386,556	350,000	75,000	425,000	13.8%	118,232
Civil Services	58,835,776	37,319,299	22,387,744	59,707,043	1.5%	47,568,405
Community & Social Services	2,200,741	4,239,048	(1,423,535)	2,815,513	21.8%	6,064,452
Corporate Services	425,633	350,000	110,521	460,521	7.6%	547,864
Electro Technical Services	5,616,056	7,990,000	(1,676,179)	6,313,821	11.1%	3,952,399
Planning	6,121,668	-	6,121,668	6,121,668	0.0%	3,351,041
Public Safety	561,346	520,000	50,000	570,000	1.5%	37,252
Sport & Recreation	488,506	2,000,000	(1,309,095)	690,905	29.3%	2,399,997
Total capital expenditure	**74,616,282**	**52,768,347**	**24,336,124**	**77,104,471**	**3.23%**	**64,039,642**

The budget is approved on an accrual basis by vote classification as required by the Municipal Finance Management Act. The basis used for this comparison is by nature classification as required by General Recognised Accounting Practices. The approved budget covers the same period as the financial statements, from 1 July to 30 June.

The budget and accounting bases are the same; both are on the accrual basis. The financial statements are prepared using a classification on the nature of expenses in the statement of financial performance.

The changes between the approved and final budget are a consequence of reallocations within the budget and and of other factors allowaable in terms of the Municipal Finance Management Act

Please refer to Note 40 for more information on budget comparisons

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1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economics
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the reporting date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 21	Impairment of non-cash-generating assets
GRAP 23	Revenue from Non-Exchange Transactions
GRAP 24	Presentation of Budget Information
GRAP 25	Employee Benefits
GRAP 26	Impairment of cash-generating assets
GRAP 27	Agriculture
GRAP 31	Intangible assets
GRAP 100	Discontinued Operations
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 105	Transfer of Functions Between Entities Under Common Control
GRAP 106	Transfer of Functions Between Entities Not Under Common Control
GRAP 107	Mergers

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IGRAP 1	Applying the Probability Test on Initial Recognition of Revenue (as revised in 2012)
IGRAP 2	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IGRAP 3	Determining whether an Arrangement Contains a Lease
IGRAP 4	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IGRAP 5	Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies
IGRAP 6	Loyalty Programmes
IGRAP 7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IGRAP 8	Agreements for the Construction of Assets from Exchange Transactions
IGRAP 9	Distributions of Non-cash Assets to Owners
IGRAP 10	Assets Received from Customers
IGRAP 11	Consolidations – Special Purpose Entities
IGRAP 12	Jointly Controlled Entities – Non-monetary Contributions by Venturers
IGRAP 13	Operating Leases – Incentives
IGRAP 14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IGRAP 15	Revenue – Barter Transactions Involving Advertising Services
IGRAP 16	Intangible Assets – Website Costs
IPSAS 20	Related Party Disclosure
IFRS 3 (AC140)	Business Combinations
IFRS 4 (AC141)	Insurance Contracts
IFRS 6 (AC143)	Exploration for and Evaluation of Mineral Resources
IAS 12 (AC102)	Income Taxes
SIC – 21 (AC421)	Income Taxes – Recovery of Revaluated Non-Depreciable Assets
SIC – 25 (AC425)	Income Taxes – Changes in the Tax Status on an Entity or its Shareholders
SIC – 29 (AC429)	Service Concessions Arrangements – Disclosures
IFRIC 2 (AC435)	Members' Shares in Co-operative Entities and Similar Instruments
IFRIC 4 (AC437)	Determining whether an Arrangement contains a Lease
IFRIC 9 (AC442)	Reassessment of Embedded Derivatives
IFRIC 12 (AC445)	Service Concession Arrangements
IFRIC 13 (AC446)	Customer Loyalty Programmes
IFRIC 14 (AC447) IAS19	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 15 (AC448)	Agreements for the Construction of Real Estate
IFRIC 16(AC449)	Hedges in a Net Investment in a Foreign Operation
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

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Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. In general, materiality is determined as 1% of total expenditure.

1.6. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

Standard	Description	Effective Date
GRAP 18	**Segment Reporting** Information to a large extent is already included in the notes to the annual financial statements.	Unknown
GRAP 20	**Related Party Disclosures** No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 32	**Service Concession Arrangements: Grantor** No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 108	**Statutory receivable** No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 109	**Accounting by Principals and Agents** No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
IGRAP 17	Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset	Unknown

1.7. RESERVES

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Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

1.8. LEASES

1.8.1. Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

1.8.2. Municipality as Lessor

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

1.9. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.10. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Economic Entity has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

The following provisions are set for the creation and utilisation of the grant is receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

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1.11. PROVISIONS

1.11.1. GENERAL PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is possible.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The Municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented.

(b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

Provisions shall be reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be reversed.

1.11.2. REHABILITATION OF LANDFILL SITES PROVISIONS

Provision is made in terms of the licensing stipulations of the landfill sites, for the estimated cost of rehabilitating waste sites. The provision has been determined on the basis of a recent independent study. The cost factors derived from the study by a firm of consulting engineers have discounted to present value at prime interest rate.

1.12. EMPLOYEE BENEFITS

1.12.1. Post-Retirement Medical obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

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Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

1.12.2. Long Service awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

1.12.3. Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

1.12.4. Staff Bonuses

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

1.12.5. Performance bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is maintained. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.12.6. Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

1.12.7. Ex gratia Gratuities

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

1.13. PROPERTY, PLANT AND EQUIPMENT

1.13.1. Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.13.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.13.3. Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

	Years		*Years*
Infrastructure		**Other**	
Roads and Paving	5-100	Airports	20
Electricity	4-46	Buildings	30-100
Water	15-150	Computer equipment	3-30
Sanitation	15-80	Furniture and equipment	5-30
Other	10-15	Landfill sites	9-24
		Markets	30
Community		Other	3-30
Recreational Facilities	10-30	Other vehicles	5-67
Sport fields & Stadia	10-20	Plant and Equipment	5-32
Halls	5-97	Specialist vehicles	7-38
Libraries	10-30		
Parks and gardens	10		
Other assets	5-30		
Cemeteries	5-30		
Finance lease assets			
Office equipment	4		

The actual useful lives used for depreciation purposes may vary from the above information as the remaining useful lives of assets are reviewed annually.

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.13.4. De-recognition

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Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.13.5. Land and Buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional arrangement as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The municipality updated the Land and Buildings acquired before 30 June 2008 to the fair value as determined by an independent valuator. For Other Assets the depreciation replacement cost method was used to establish the deemed cost as on 1 July 2008.

1.14. INTANGIBLE ASSETS

1.14.1. *Initial Recognition*

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiable criterion in the definition of an intangible asset when it:

Is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

the municipality intends to complete the intangible asset for use or sale;
it is technically feasible to complete the intangible asset;
the municipality has the resources to complete the project; and
it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.14.2. Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.14.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

Intangible Assets	Years
Computer Software	5
Computer Software Licenses	5

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The actual useful lives used for depreciation purposes may vary from the above information as the remaining useful lives of assets are reviewed annually.

1.14.4. De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.15. INVESTMENT PROPERTY

1.15.1. Initial Recognition

Investment property shall be recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

The cost of self-constructed investment property is the cost at date of completion.

1.15.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.15.3. Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Investment Property	Years
Buildings	99 - 100

The actual useful lives used for depreciation purposes may vary from the above information as the remaining useful lives of assets are reviewed annually.

1.15.4. De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

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1.16. HERITAGE ASSETS

1.16.1. Initial Recognition

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

A heritage asset shall be recognised as an asset if, and only if:

- it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and
- the cost or fair value of the asset can be measured reliably.

An asset that has met the recognition requirement criteria for heritage assets shall be measured at its cost if such an asset has been acquired through an exchange transaction.

Where a heritage asset has been acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

1.16.2. *Subsequent Measurement*

Heritage assets are not depreciated based on their nature however the municipality assesses at each reporting date whether there is a need for impairment.
The class of heritage assets are carried at its cost less any accumulated impairment losses.

1.16.3. *Impairment*

Where the carrying amount of an item of heritage asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Where items of heritage asset have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

1.16.4. De-recognition

The carrying amount of a heritage asset is derecognised:

- on disposal, or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from de-recognition of a heritage asset shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.17. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.17.1. Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that

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reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.17.2. Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

Depreciation replacement cost approach - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.18. COMMITMENTS

Commitments are future payments and expenditure to be incurred on contracts that have been entered into at the reporting date and where there are unperformed obligations. The commitments would include both capital and operating items.

Committed expenditure approved and contracted for at reporting date is where the expenditure has been approved and the contract has been awarded.

Committed expenditure approved but not yet contracted for at reporting date is where the expenditure has been approved but the contract has yet to be awarded or is awaiting finalisation.

1.19. INVENTORIES

1.19.1. Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

The cost of purified water comprises cost of conversion and other cost incurred in bringing the inventory to their present location and condition.

1.19.2. Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.20. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

1.21. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange transactions and non-exchange transactions).

1.21.1. Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

1.21.2. Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. , Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.21.2.1. Receivables

Receivables are classified as loans and receivables, and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of

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Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.21.2.2. Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.21.2.3. Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.21.2.4. Non-Current Investments

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.21.3. De-recognition of Financial Instruments

1.21.3.1. Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

the rights to receive cash flows from the asset have expired; or
the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.21.3.2. Financial Liabilities

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A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.21.4. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

1.22. REVENUE

1.22.1. Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Revenue from spot fines and summonses is recognised when issued.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.22.2. Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter vouchers is recognised eight days after the sale of the relevant voucher.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

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Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue shall be measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred.

When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.22.3. Grants, Transfers and Donations (Non-Exchange Revenue)

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

1.23. RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Key management personnel, and close members of the family of key management personnel; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the 2nd and 3rd bullet, or over which such a person is able to exercise significant influence.

Key management personnel include:

- All directors or members of the governing body of the entity, being the Executive Mayor, Deputy Mayor, Speaker, members of the Mayoral Committee and ordinary councillors.
- Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity being the Municipal Manager, Chief Financial Officer an all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

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1.24. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.25. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 200), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.27. CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measures with sufficient reliability.

Management judgement is required when recognising and measuring contingent liabilities.

1.28. PRESENTATION OF BUDGET INFORMATION

The annual budget figures have been presented in accordance with the GRAP reporting framework. A separate statement of comparison of budget and actual amounts, which forms part of the annual financial statements, has been prepared. The comparison of budget and actual amount will be presented on the same accounting basis, same classification basis and for the same entity and period as for the approved budget. The budget of the municipality is taken for a stakeholder consultative process and upon approval the approved budget is made publicly available.

Material differences in terms of the basis, timing or entity have been disclosed in the notes to the annual financial statements.

1.29. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Post-retirement medical obligations and Long service awards

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Provisions and contingent liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

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1.30. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.31. JOINT VENTURES

In respect of the municipalities' interest in jointly controlled assets, the municipality includes in its accounting records and recognises in its financial statements:

- its share of the jointly controlled assets, classified according to the nature of the assets;
- any liabilities that it has incurred;
- its share of any liabilities incurred jointly with other ventures in relation to the joint venture;
- any revenue from the sale or use of its share of the output of the joint venture, together with its share of any expenses incurred by the joint venture; and
- any expenses that it has incurred in respect of its interest in the joint venture.

1.32. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

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2 CASH AND CASH EQUIVALENTS

	2016 R	2015 R
Assets		
Bank Accounts	97,031,303	62,374,606
Cash Floats	8,425	8,425
Total Cash and Cash Equivalents - Assets	97,039,728	62,383,031

The municipality has the following bank accounts:

Cash book balance at beginning of year	62,374,606	33,054,452
Cash book balance at end of year	97,031,303	62,374,606

The municipality changed it's Primary Bank Account from ABSA Bank Limited to The Standard Bank of South Africa Limited on 1 March 2013. The ABSA account has not been closed at year end as some debtors still pay their service accounts into the old account.

Primary Bank Account: Standard Bank - Account Number 203241819

Bank statement balance at beginning of year	66,875,631	40,465,237
Bank statement balance at end of year	100,229,291	66,875,631

ABSA Bank Limited - Account Number 350000011

Bank statement balance at beginning of year	33,194	758,562
Bank statement balance at end of year	58,202	33,194

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Electricity	39,653,051	36,181,668
Water	57,648,575	62,866,645
Housing Rentals	1,235,690	2,349,861
Refuse	28,758,372	34,920,866
Sewerage	23,614,585	26,198,798
Other	1,667,121	2,783,994
Land Sales	3,356,771	3,433,559
Total Receivables from Exchange Transactions	155,934,165	170,735,391
Less: Provision for Impairment	(106,039,253)	(122,180,850)
Total Net Receivables from Exchange Transactions	49,894,912	48,554,541

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary.

Included in receivables is the following accrued income (estimated consumption from the last meter reading to 30 June):

Accrued Income Electricity	17,621,583	14,887,959
Accrued Income Water	4,182,801	3,871,165

Ageing of Receivables from Exchange Transactions:

(Electricity): Ageing

Accrued Income Electricity	17,621,583	14,887,959
Current (0 - 30 days)	15,527,804	13,118,193
31 - 60 Days	582,462	1,304,655
61 - 90 Days	283,058	677,452
+ 90 Days	5,638,144	6,193,408
Total	39,653,051	36,181,668

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RECEIVABLES FROM EXCHANGE TRANSACTIONS CONTINUED	2016 R	2015 R
(Water): Ageing		
Accrued Income Water	4,182,801	3,871,165
Current (0 - 30 days)	3,875,709	8,283,975
31 - 60 Days	1,531,292	1,383,071
61 - 90 Days	1,539,568	1,087,458
+ 90 Days	46,519,206	48,240,977
Total	57,648,575	62,866,645
(Housing): Ageing		
Current (0 - 30 days)	27,677	44,945
31 - 60 Days	22,151	30,646
61 - 90 Days	20,399	27,683
+ 90 Days	1,165,462	2,246,587
Total	1,235,690	2,349,861
(Refuse): Ageing		
Current (0 - 30 days)	1,903,660	1,768,731
31 - 60 Days	812,939	734,016
61 - 90 Days	639,260	535,993
+ 90 Days	25,402,513	31,882,125
Total	28,758,372	34,920,866
(Sewerage): Ageing		
Current (0 - 30 days)	1,636,731	1,615,272
31 - 60 Days	708,627	604,306
61 - 90 Days	520,068	475,777
+ 90 Days	20,748,959	25,503,442
Total	23,614,585	28,198,798
(Other): Ageing		
Current (0 - 30 days)	62,643	110,499
31 - 60 Days	33,641	155,294
61 - 90 Days	29,560	67,955
+ 90 Days	1,418,822	2,450,246
Total	1,544,666	2,783,994
(Land Sales): Ageing		
31 - 60 Days	-	76,787
61 - 90 Days	-	3,100,000
+ 90 Days	3,356,771	256,771
Total	3,356,771	3,433,558
(Total): Ageing		
Accrued Income	21,804,384	18,759,124
Current (0 - 30 days)	23,034,225	24,941,615
31 - 60 Days	3,691,312	4,288,776
61 - 90 Days	3,031,913	5,972,318
+ 90 Days	104,249,877	116,773,556
Total	155,811,711	170,735,390

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RECEIVABLES FROM EXCHANGE TRANSACTIONS CONTINUED	2016 R	2015 R
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	122,180,849	102,989,970
Contribution to provision	26,155,664	19,196,877
Bad Debts Written Off	(42,297,260)	(5,997)
Balance at end of year	106,039,253	122,180,849

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Rates	23,224,444	20,176,214
Other Receivables	22,388,927	16,176,856
Accrued Fines	20,546,246	14,386,760
Deposits	224,615	224,615
SARS	524,110	524,110
Prepaid Expenditure	1,085,252	1,035,252
Other receivables	8,704	6,119
Total Receivables from Non-Exchange Transactions	45,613,371	36,353,070
Less: Provision for Impairment	(38,940,848)	(30,295,695)
Total Net Receivables from Non-Exchange Transactions	6,672,523	6,057,375

Ageing of Receivables from Non-Exchange Transactions:

(Rates): Ageing

Current (0 - 30 days)	3,062,819	1,723,200
31 - 60 Days	342,354	275,762
61 - 90 Days	261,132	108,568
+ 90 Days	19,558,138	18,068,684
Total	23,224,444	20,176,214

Reconciliation of Provision for Bad Debts		
Balance at beginning of year	30,295,694	20,882,096
Contribution to provision	8,645,153	9,413,598
Bad Debts Written Off	-	-
Balance at end of year	38,940,847	30,295,694
Included in the provision for bad debt are the following amounts in respect of traffic fines	19,274,139	12,638,691

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

5 INVENTORY

Consumable Stores - At cost	5,384,334	7,307,436
Water - At purification cost	18,933	16,648
Total Inventory	5,403,267	7,324,084
Consumable stores materials written down due to losses as identified during the annual stores counts.	377	1,302
Consumable stores inventory recognised as an expense during the year	8,397,674	7,752,636

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		2016 R	2015 R
6	**LONG-TERM RECEIVABLES**		
	Housing Loans	167	268,717
	Sport Club Loans	7,328	41,553
	Town Development	-	24,300
		7,495	334,570
	Less: Unamortised Discount on Loans	-	(4,653)
	Balance 1 July	(4,653)	(5,056)
	Adjustment for the period	4,653	403
		7,495	329,917
	Less: Current portion transferred to current receivables	(7,495)	(52,300)
	Housing Loans	(167)	(20,071)
	Sport Club Loans	(7,328)	(7,929)
	Town Development	-	(24,300)
		-	277,617
	Less: Provision for Impairment	-	(163,924)
	Total Long Term Receivables	-	113,693
	Reconciliation of Provision for Bad Debts		
	Balance at beginning of year	163,925	178,723
	Contribution to provision	76,709	(14,798)
	Bad Debts Written Off	(240,634)	-
	Balance at end of year	-	163,925
7	**UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**		
	Unspent Grants	11,554,082	2,148,270
	National Government Grants	1,677,347	585,794
	Provincial Government Grants	9,876,735	1,562,476
	Less: **Grants spend but not yet received**	12,375	821,870
	National Government Grants	12,375	755,085
	Provincial Government Grants	-	66,785
	Total Conditional Grants and Receipts	11,541,707	1,326,400

Please refer to Note 24 for more information on specific grants.

8	**VAT**		
	VAT PAYABLE		
	VAT output in suspense	(1,131,647)	2,841,524
	Total Vat payable	(1,131,647)	2,841,524
	VAT RECEIVABLE		
	VAT input in suspense	5,433,574	7,875,002
	Total VAT receivable	5,433,574	7,875,002
	NET VAT RECEIVABLE/(PAYABLE)	6,565,221	5,033,478

VAT is receivable/payable on the cash basis.

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9 PROPERTY, PLANT AND EQUIPMENT

9.1 30 JUNE 2016

Reconciliation of Carrying Value	Land R	Buildings R	Infrastructure R	Community R	Lease Assets R	Other R	Total R
Carrying value at 1 July 2015	78,203,971	94,005,465	386,456,334	70,365,075	67,562	27,677,073	656,775,480
Cost	78,203,971	101,129,809	485,746,274	74,032,544	691,343	50,431,115	790,235,056
Original Cost	78,203,971	101,129,809	485,746,274	74,032,544	691,343	50,431,115	790,235,056
Accumulated Impairments	-	-	-	-	-	(551,131)	(551,131)
Original Cost	-	-	-	-	-	(551,131)	(551,131)
Accumulated Depreciation	-	(7,124,343)	(99,289,940)	(3,667,470)	(623,781)	(22,202,911)	(132,908,445)
Original Cost	-	(7,124,343)	(99,289,940)	(3,667,470)	(623,781)	(22,202,911)	(132,908,445)
Acquisitions	-	712,221	15,794,522	252,500	1,175,887	7,285,385	25,220,515
Capital under Construction	-	-	50,715,878	-	-	-	50,715,878
Transfers	-	(62,925)	-	(136,650)	-	210,650	11,075
Cost	-	(62,925)	-	(136,650)	-	210,650	11,075
Impairments	-	-	(19,801)	-	-	(1,700)	(21,500)
Impairment	-	-	(19,801)	-	-	(1,700)	(21,500)
Depreciation	-	(1,112,108)	(11,756,278)	(1,742,864)	(247,971)	(4,909,216)	(19,770,436)
Normal Depreciation for the year	-	(1,112,108)	(11,756,278)	(1,742,864)	(247,971)	(4,909,216)	(19,770,436)
Carrying value of disposals	-	-	-	-	-	(38,136)	(38,136)
Cost	-	-	-	-	-	(60,515)	(60,515)
Accumulated Impairments	-	-	-	-	-	972	972
Accumulated Depreciation	-	-	-	-	-	41,407	41,407
Carrying value at 30 June 2016	78,203,971	93,542,654	441,188,655	68,738,060	995,478	30,224,057	712,892,875
Cost	78,203,971	101,779,105	552,256,674	74,148,394	1,867,230	57,846,635	866,102,009
Original Cost	78,203,971	101,779,105	552,256,674	74,148,394	1,867,230	57,846,635	866,102,009
Accumulated Impairments	-	-	(19,801)	-	-	(551,858)	(571,659)
Original Cost	-	-	(19,801)	-	-	(551,858)	(571,659)
Accumulated Depreciation	-	(8,236,451)	(111,048,218)	(5,410,334)	(871,751)	(27,070,720)	(152,637,475)
Original Cost	-	(8,236,451)	(111,048,218)	(5,410,334)	(871,751)	(27,070,720)	(152,637,475)

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PROPERTY, PLANT AND EQUIPMENT CONTINUED

9.2 30 JUNE 2015

Reconciliation of Carrying Value	Land R	Buildings R	Infrastructure R	Community R	Lease Assets R	Other R	Total R
Carrying value at 1 July 2014	**71,833,145**	**96,580,605**	**344,339,407**	**64,848,955**	**298,006**	**28,056,778**	**605,956,896**
Cost	71,833,145	102,709,501	432,694,418	67,308,611	691,343	46,435,708	721,672,726
Original Cost	71,833,145	102,709,501	432,694,418	67,308,611	691,343	46,435,708	721,672,726
Accumulated Impairments	-	-	-	-	-	(528,596)	(528,596)
Original Cost	-	-	-	-	-	(528,596)	(528,596)
Accumulated Depreciation	-	(6,128,896)	(88,355,011)	(2,459,656)	(393,337)	(17,850,333)	(115,187,233)
Original Cost	-	(6,128,896)	(88,355,011)	(2,459,656)	(393,337)	(17,850,333)	(115,187,233)
Acquisitions	**6,550,826**	**306,307**	**7,573,713**	**3,362,145**	-	**3,686,265**	**21,479,255**
Capital under Construction	-	-	**45,478,144**	**3,597,626**	-	**309,143**	**49,384,912**
Impairments	-	-	-	-	-	(22,534)	(22,534)
Impairments	-	-	-	-	-	(22,534)	(22,534)
Depreciation	-	(1,115,518)	(10,934,930)	(1,207,814)	(230,443)	(4,352,578)	(17,841,283)
Normal Depreciation for the year	-	(1,115,518)	(10,934,930)	(1,207,814)	(230,443)	(4,352,578)	(17,841,283)
Carrying value of disposals	(180,000)	(1,765,929)	-	(235,837)	-	-	(2,181,766)
Cost	(180,000)	(1,886,000)	-	(235,837)	-	-	(2,301,837)
Accumulated Depreciation	-	120,071	-	-	-	-	120,071
Carrying value at 30 June 2015	78,203,971	94,005,465	386,456,334	70,365,075	67,562	27,677,073	656,775,480
Cost	78,203,971	101,129,809	485,746,274	74,032,544	691,343	50,431,115	790,235,056
Original Cost	78,203,971	101,129,809	485,746,274	74,032,544	691,343	50,431,115	790,235,056
Accumulated Impairments	-	-	-	-	-	(551,131)	(551,131)
Original Cost	-	-	-	-	-	(551,131)	(551,131)
Accumulated Depreciation	-	(7,124,343)	(99,289,940)	(3,667,470)	(623,781)	(22,202,911)	(132,908,445)
Original Cost	-	(7,124,343)	(99,289,940)	(3,667,470)	(623,781)	(22,202,911)	(132,908,445)

Land and Buildings donated by Provincial government to the value of R 6 837 826 are included in acquisitions.

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10 INTANGIBLE ASSETS

	2016 R	2015 R
Computer Software		
Net Carrying amount at 1 July	**2,689,747**	**3,023,260**
Cost	4,162,314	4,149,014
Accumulated Amortisation	(1,472,567)	(1,125,754)
Additions	321,685	13,300
Amortisation for Year	(365,785)	(346,813)
Net Carrying amount at 30 June	**2,645,647**	**2,689,747**
Cost	4,483,998	4,162,314
Accumulated Amortisation	(1,838,352)	(1,472,567)

11 INVESTMENT PROPERTY

Net Carrying amount at 1 July	**48,833,256**	**49,420,158**
Cost	50,899,404	51,171,140
Accumulated Depreciation	(2,066,148)	(1,750,982)
Correction	-	(271,736)
Depreciation for the year	(316,029)	(315,166)
Transfers	(11,075)	-
Net Carrying amount at 30 June	**48,506,152**	**48,833,256**
Cost	50,888,329	50,899,404
Accumulated Depreciation	(2,382,177)	(2,066,148)

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Revenue derived from the rental of Investment property	(1,341,989)	(1,200,188)
Operating expenditure incurred on properties generating revenue	12,289	52,771
Operating expenditure incurred on properties not generating revenue	-	-

12 HERITAGE ASSETS

Net Carrying amount at 1 July	**550,000**	**550,000**
Cost	550,000	550,000
Net Carrying amount at 30 June	**550,000**	**550,000**
Cost	550,000	550,000

Heritage assets are carried at its cost less any accumulated impairment losses

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		2016 R	2015 R
13	**OPERATING LEASE ARRANGEMENTS**		
	The Municipality as Lessor (Asset)		
	Balance on 1 July	21,535	25,448
	Movement during the year	(9,209)	(3,913)
	Balance on 30 June	12,326	21,535

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year	64,599	94,706
1 to 5 Years	73,929	136,681
Total Operating Lease Arrangements	138,528	231,387

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The leases are in respect of land and buildings being leased out for periods ranging until 2019.

14	**CAPITALISED RESTORATION COST**		
	Net Carrying amount at 1 July	38,174,187	1,167,460
	Cost	55,802,597	11,893,337
	Accumulated Depreciation	(17,628,410)	(10,725,877)
	Acquisitions	-	43,909,260
	Adjustment for the period	(4,829,526)	-
	Depreciation for the year	(6,526,540)	(6,902,533)
	Net Carrying amount at 30 June	26,818,121	38,174,187
	Cost	50,973,071	55,802,597
	Accumulated Depreciation	(24,154,950)	(17,628,410)
15	**PAYABLES FROM EXCHANGE TRANSACTIONS**		
	Trade Payables	43,197,262	38,865,430
	Deposits: Other	1,443,497	1,114,914
	Interest Accrued	446,189	694,140
	Other Creditors	665,114	2,000,654
	Library books	20,542	17,666
	Payments Received in Advance	2,618,929	2,554,348
	Pre-paid Electricity	741,704	637,202
	Retentions	4,574,403	4,266,694
	Total Trade Payables	53,707,640	50,151,048

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

Sundry deposits include hall, builders and housing Deposits.

16	**CONSUMER DEPOSITS**		
	Water and Electricity	3,217,431	2,474,778
	Total Consumer Deposits	3,217,431	2,474,778

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17 CURRENT EMPLOYEE BENEFITS

	2016 R	2015 R
Current Portion of Post Retirement Benefits - Note 21	1,849,000	2,009,000
Current Portion of Long-Service Provisions - Note 21	634,000	830,000
Current Portion of Ex-gratia Pension Provisions - Note 21	40,000	51,000
Staff Leave	10,442,989	8,828,211
Performance Bonuses	773,825	730,369
Staff Bonuses	3,201,346	3,060,083
Total Current Employee Benefits	16,941,160	15,508,663

The movement in current employee benefits are reconciled as follows:

Staff Leave

Balance at beginning of year	8,828,208	7,429,408
Contribution to current portion	1,995,605	2,296,976
Expenditure incurred	(380,823)	(898,176)
Balance at end of year	10,442,990	8,828,208

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.

CURRENT EMPLOYEE BENEFITS CONTINUED

Performance Bonuses

Balance at beginning of year	730,369	690,395
Contribution to current portion	773,825	730,368
Expenditure incurred	(730,369)	(690,394)
Balance at end of year	773,825	730,369

Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by the council.

Staff Bonuses

Balance at beginning of year	3,060,083	2,905,791
Contribution to current portion	5,597,063	5,257,225
Expenditure incurred	(5,455,800)	(5,102,933)
Balance at end of year	3,201,346	3,060,083

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represents the portion of the bonus that have already vested for the current salary cycle.

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		2016 R	2015 R
18	**UNSPENT PUBLIC CONTRIBUTIONS**		
	China - Water meters	84,307	118,962
	Essen Belgium	1,198,591	1,512,288
	Total Unspent Public Contributions	1,282,898	1,631,250

Reconciliation of public contributions

China - Water meters

Opening balance	118,962	168,362
Conditions met - Transferred to revenue	(34,655)	(49,400)
Closing balance	84,307	118,962

3580 Water meters were donated by the Chinese Government to the Witzenberg Municipality. The purpose of the donation is to provide water connections to poor households.

Essen Belgium

Opening balance	1,512,288	851,098
Contributions received	1,380,741	1,091,148
Conditions met - Transferred to revenue	(1,694,438)	(429,958)
Closing balance	1,198,591	1,512,288

A twining agreement exists between Essen in Belgium and the Witzenberg Municipality. The purpose of the agreement is youth development and crèches.

19	**LONG-TERM LIABILITIES**		
	Annuity Loans - At amortised cost	20,241,807	28,986,449
	Capitalised Lease Liability - At amortised cost	1,009,488	53,541
		21,251,295	**29,039,990**
	Current Portion transferred to Current Liabilities	**(10,092,926)**	**(8,859,732)**
	Annuity Loans - At amortised cost	(9,725,206)	(8,806,191)
	Capitalised Lease Liability - At amortised cost	(367,719)	(53,541)
		11,158,369	**20,180,258**
	Unamortised charges on loans	**(694,280)**	**(1,831,579)**
	Balance 1 July	(1,831,579)	(3,317,495)
	Adjustment for the period	1,137,299	1,485,916
	Total Long-term Liabilities - At amortised cost using the effective interest rate method	10,464,089	18,348,679

Refer below for maturity dates of long term liabilities:

The obligations under annuity loans are scheduled below:

	Minimum annuity payments	
Amounts payable under annuity loans:		
Payable within one year	11,735,646	11,957,307
Payable within two to five years	10,724,199	20,671,357
Payable after five years	2,091,424	3,781,693
	24,551,269	36,410,358
Less: Future finance obligations	(4,309,462)	(7,423,909)
Present value of annuity obligations	20,241,807	28,986,449

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LONG-TERM LIABILITIES CONTINUED	2016 R	2015 R

Annuity loans at amortised cost is calculated at an average 12.47% interest rate, with a final maturity date of 30 June 2023.

The obligations under finance leases are scheduled below:

Amounts payable under finance leases:	Minimum lease payments	
Payable within one year	450,000	54,149
Payable within two to five years	693,775	-
	1,143,775	54,149
Less: Future finance obligations	(134,287)	(608)
Present value of lease obligations	1,009,488	53,541

20 NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites	68,641,116	66,794,185
Total Non-current Provisions	68,641,116	66,794,185

The provision includes the rehabilitation cost of landfill sites in Ceres, Prince Alfred's Hamlet, Op-die-Berg, Tulbagh and Wolseley. The expected closing dates of the sites are:
Ceres - 2010 (The site is longer in operation)
Prince Alfred's Hamlet - 2027
Op-die- Berg - 2019
Tulbagh - 2018
Wolseley - 2018

Landfill Sites

Balance 1 July	66,794,185	25,141,223
Contribution for the year	-	39,327,399
Unwinding of Interest	6,676,457	2,325,563
Adjustment for the period	(4,829,526)	-
Balance 30 June	68,641,116	66,794,185
Discount rate	10.50%	9.25%
Inflation Rate	6.30%	5.00%

21 EMPLOYEE BENEFITS

Post-employment Health Care Benefits	74,152,000	69,431,000
Long Service Awards	4,967,000	4,818,000
Ex-Gratia Pension Benefits	204,000	279,000
Total Non-current Employee Benefit Liabilities	79,323,000	74,528,000

Post-employment Health Care Benefits

Balance 1 July	71,440,000	68,355,000
Contribution for the year	3,164,000	2,926,000
Interest Cost	6,596,000	6,162,000
Expenditure for the year	(1,792,262)	(1,765,182)
Actuarial Loss/(Gain)	(3,406,738)	(4,237,818)
Total post retirement Health Care benefits 30 June	76,001,000	71,440,000
Less: Transfer of Current Portion - Note 17	(1,849,000)	(2,009,000)
Balance 30 June	74,152,000	69,431,000

Long Service Awards

Balance 1 July	5,648,000	5,139,000
Contribution for the year	463,000	419,000
Interest Cost	514,000	407,000
Expenditure for the year	(709,079)	(490,826)
Actuarial Loss/(Gain)	(314,921)	173,826
Total long service 30 June	5,601,000	5,648,000
Less: Transfer of Current Portion - Note 17	(634,000)	(830,000)
Balance 30 June	4,967,000	4,818,000

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EMPLOYEE BENEFITS CONTINUED	2016 R	2015 R
Ex-Gratia Pensions		
Balance 1 July	330,000	318,000
Interest Cost	35,000	24,000
Expenditure for the year	(23,746)	(14,770)
Actuarial Loss/(Gain)	(97,254)	2,770
Total Ex-Gratia 30 June	**244,000**	**330,000**
Less: Transfer of Current Portion - Note 17	(40,000)	(51,000)
Balance 30 June	204,000	279,000
TOTAL NON-CURRENT EMPLOYEE BENEFITS		
Balance 1 July	77,418,000	73,812,000
Contribution for the year	3,627,000	3,345,000
Interest cost	7,145,000	6,593,000
Expenditure for the year	(2,525,087)	(2,270,778)
Actuarial Loss/(Gain)	(3,818,913)	(4,061,222)
Total employee benefits 30 June	**81,846,000**	**77,418,000**
Less: Transfer of Current Portion - Note 17	(2,523,000)	(2,890,000)
Balance 30 June	79,323,000	74,528,000

21.1 Post-employment Health Care Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	252	239
In-service (employee) non-members	228	252
Continuation members (e.g. Retirees, widows, orphans)	54	62
Total Members	**534**	**553**

The liability in respect of past service has been estimated to be as follows:

In-service members	53,302,000	44,877,000
Continuation members	22,699,000	26,563,000
Total Liability	**76,001,000**	**71,440,000**

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:	2014 R	2013 R	2012 R
In-service members	46,097,000	35,087,000	38,525,020
Continuation members	22,258,000	18,843,000	18,322,792
Total Liability	68,355,000	53,930,000	56,847,812

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;
LA Health
Samwumed; and
Keyhealth.

Key actuarial assumptions used:

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	2016	2015
i) Rate of Interest		
Discount rate	8.94%	8.94%
Health Care Cost Inflation Rate	8.05%	8.05%
Net Effective Discount Rate	0.82%	0.82%

ii) Mortality rates

The PA 90 ultimate table was used by the actuaries.

EMPLOYEE BENEFITS CONTINUED

	2016 R	2015 R

iii) Normal retirement age

The average retirement age for all active employees was assumed to be 58 years. This assumption implicitly allows for ill-health and early retirements.

The amounts recognised in the Statement of Financial Position are as follows:	2016 R	2015 R
Present value of fund obligations	76,001,000	71,440,000
Net liability/(asset)	**76,001,000**	**71,440,000**

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25, Employee Benefits, paragraph 155 (a).

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	71,440,000	68,355,000
Total expenses	7,967,738	7,322,818
Current service cost	3,164,000	2,926,000
Interest Cost	6,596,000	6,162,000
Benefits Paid	(1,792,262)	(1,765,182)
Actuarial (gains)/losses	(3,406,738)	(4,237,818)
Present value of fund obligation at the end of the year	76,001,000	71,440,000
Less: Transfer of Current Portion - Note 17	(1,849,000)	(2,009,000)
Balance 30 June	74,152,000	69,431,000

Sensitivity Analysis on the Accrued Liability

Assumption	**In-service members liability (R'000)**	**Continuation members liability (R'000)**	**Total liability (R'000)**
Central Assumptions	53,302	22,699	76,001

The effect of movements in the assumptions are as follows:

Assumption	**Change**	**In-service members liability (R'000)**	**Continuation members liability (R'000)**	**Total liability (R'000)**	**% change**
Central assumptions		53,302	22,699	76,001	
Health care inflation	1%	62,687	26,696	89,383	18
Health care inflation	-1%	45,743	19,480	65,223	-14
Mortality rate	20%	49,409	21,041	70,450	-7
Mortality rate	-20%	58,185	24,778	82,963	9

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EMPLOYEE BENEFITS CONTINUED

	2016	2015

21.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.	476	496

	2016	2015
i) Rate of Interest		
Discount rate	7.96%	7.96%
General Salary Inflation (long-term)	7.33%	7.33%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.59%	0.59%

	2016 R	2015 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	5,601,000	5,648,000
Net liability	5,601,000	5,648,000

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:	2014 R	2013 R	2012 R
Net liability	5,139,000	5,076,000	2,138,041

	2016 R	2015 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	5,648,000	5,139,000
Total expenses	267,921	335,174
Current service cost	463,000	419,000
Interest Cost	514,000	407,000
Benefits Paid	(709,079)	(490,826)
Actuarial (gains)/losses	(314,921)	173,826
Present value of fund obligation at the end of the year	5,601,000	5,648,000
Less: Transfer of Current Portion - Note 17	(634,000)	(830,000)
Balance 30 June	4,967,000	4,818,000

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (R'000)	% change
Central assumptions		5,601	
General salary inflation	1.00%	5,979	7%
General salary inflation	-1.00%	5,256	-6%
Withdrawal rates	20%	5,303	-5%
Withdrawal rates	-20%	5,936	6%

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EMPLOYEE BENEFITS CONTINUED

		2016	2015
21.3	**Ex-Gratia Pension Benefits**		
	The Ex-Gratia Pension Benefits plans are defined benefit plans.		
	As at year end, the following number of employees were eligible for Ex-Gratia Pension Benefits.	34	38
	i) Rate of interest		
	Discount rate	8.37%	7.89%
	General Pension Inflation (long-term)	6.66%	7.88%
	Net Effective Discount Rate applied to Ex-Gratia Pension Benefits	0.43%	0.01%

	2016 R	2015 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	244,000	330,000
Net liability	244,000	330,000

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2014 R	2013 R	2012 R
Net liability	318,000	340,000	337,065

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	330,000	318,000
Total expenses	11,254	9,230
Interest Cost	35,000	24,000
Benefits Paid	(23,746)	(14,770)
Actuarial (gains)/losses	(97,254)	2,770
Present value of fund obligation at the end of the year	244,000	330,000
Less: Transfer of Current Portion - Note	(40,000)	(51,000)
Balance 30 June	204,000	279,000

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Total liability (R'000)	% change
Central assumptions		244	
General salary inflation	+1%	248	1.6%
General salary inflation	-1%	241	-1.2%
Withdrawal rates	+20%	242	-0.8%
Withdrawal rates	-20%	245	0.4%

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EMPLOYEE BENEFITS CONTINUED	2016 R	2015 R

21.4 Retirement funds

CAPE JOINT PENSION FUND

The funding level of the CJPF (Pensions Account section) was 105.1% as at the 30 June 2013 valuation date compared with a 99.4% funding level as at 30 June 2012. The Fund is in a sound financial condition at the valuation date. As at the 30 June 2013 valuation date (in totality) the members contributed at a rate of 9% of pensionable salaries and (in totality) the Local Authorities contributed at a rate of 18% of pensionable salaries.

Contributions paid recognised in the Statement of Financial Performance	426,587	477,822

SOUTH AFRICAN LOCAL AUTHORITIES PENSION FUND

The funding level at the most recent actuarial valuation (1 July 2012) of 100% was calculated on a Discounted Cash Flow (DCF) basis. The funding level has improved since the previous valuation. The valuation actuary recommended that the prevailing employer contribution rate at 1 July 2012 be maintained at 15.28%. This includes a margin of 3.92% over and above the contribution rate required to fund the Projected Unit Method future service benefits and associated costs.

Contributions paid recognised in the Statement of Financial Performance	423,555	386,124

DEFINED CONTRIBUTION FUNDS

Council contributes to: the Government Employees Pension Fund; Municipal Council Pension Fund; National Fund for Municipal Workers (IMATU); and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

Cape Joint Retirement Fund	14,682,604	13,761,731
Municipal Councillors Pension Fund	384,673	354,446
National Fund For Municipal Employees (IMATU)	142,654	132,390
SAMWU National Provident Fund	3,908,359	3,880,300
	19,118,290	18,128,867

22 NET ASSET RESERVES

Capital Replacement Reserve	9,548,191	9,430,377
Total Net Asset Reserves	9,548,191	9,430,377

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23 PROPERTY RATES

	2016 R	2015 R
Actual		
Rates Levied		
Business	62,520,482	50,961,825
Building Clauses	10,206,804	8,650,716
Rural	108,160	93,802
Industrial	14,442,602	11,427,331
Residential	7,007,909	5,634,045
State	22,440,758	18,121,053
Vacant Land	6,638,749	5,752,356
Public Service Infrastructure	1,661,496	1,270,424
Less: Revenue Forgone	14,003	12,098
Total Assessment Rates	(6,916,185)	(634,195)
	55,604,297	**50,327,630**

Valuations - 1 JULY

Rateable Land and Buildings		
Residential Property	2,674,117,190	2,588,803,500
Commercial Property	785,815,000	630,110,000
Industrial Property	442,495,000	405,495,000
Informal Property	30,173,000	29,865,000
Agricultural Purposes	5,195,601,700	5,168,699,700
State - National/ Provincial Services	410,112,600	408,172,000
Public Service Infrastructure	6,575,000	6,575,000
Vacant Property	151,828,610	132,493,900
Total Valuation	9,696,718,100	9,370,214,100

Assessment Rates are levied on the value of land and improvements. The valuation is performed every 4 years. The last valuation came into effect on 1 July 2013. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

Rates:		
Residential	0.850c/R	0.734c/R
Commercial	1.615c/R	1.396c/R
Industrial	1.615c/R	1.396c/R
Bona Fide Agricultural	0.213c/R	0.184c/R

Rates are levied annually and monthly. Monthly rates are payable by the 15th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:
Residential - The first R100 000 on the valuation is exempted.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

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24 GOVERNMENT GRANTS AND SUBSIDIES	2016 R	2015 R
Unconditional Grants	**54,850,000**	**54,124,000**
Equitable Share	54,850,000	54,124,000
Conditional Grants	**70,830,452**	**81,518,362**
Grants and donations	70,830,452	81,518,362
Subsidies	-	-
Total Government Grants and Subsidies	**125,680,452**	**135,642,362**
Government Grants and Subsidies - Capital	51,539,015	51,634,066
Government Grants and Subsidies - Operating	74,141,437	84,008,296
	125,680,452	**135,642,362**

Please refer to appendix D for more detailed disclosure of Government Grants and Subsidies.

The Municipality does not expect any significant changes to the level of grants.

GOVERNMENT GRANTS AND SUBSIDIES CONTINUED	2016 R	2015 R
24.1 Equitable share		
Opening balance	-	-
Grants received	54,850,000	54,124,000
Conditions met - Operating	(54,850,000)	(54,124,000)
Conditions still to be met/(Grant expenditure to be recovered)	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

24.2 Local Government Financial Management Grant (FMG)		
Opening balance	(441)	93
Grants received	1,450,000	1,450,000
Conditions met - Operating	(1,179,615)	(1,332,302)
Conditions met - Capital	(269,944)	(118,232)
Conditions still to be met/(Grant expenditure to be recovered)	-	(441)

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

24.3 Municipal Systems Improvement Grant		
Opening balance	-	1,155
Grants received	930,000	934,000
Conditions met - Operating	(361,200)	(114,844)
Conditions met - Capital	(568,800)	(820,311)
Conditions still to be met/(Grant expenditure to be recovered)	-	-

The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

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GOVERNMENT GRANTS AND SUBSIDIES CONTINUED

24.4 Municipal Infrastructure Grant (MIG)

	2016 R	2015 R
Opening balance	(650,830)	(650,590)
Grants received	25,278,000	21,218,000
Conditions met - Operating	(4,445,988)	(2,677,604)
Conditions met - Capital	(19,482,858)	(18,540,636)
Conditions still to be met/(Grant expenditure to be recovered)	698,324	(650,830)

The grant was used to upgrade infrastructure in previously disadvantaged areas.

24.5 Housing Grants

Opening balance	-	638,731
Grants received	28,927,739	45,873,613
Conditions met - Operating	(440,857)	(16,815,095)
Conditions met - Capital	(27,008,472)	(29,697,249)
Conditions still to be met/(Grant expenditure to be recovered)	1,478,410	-

Housing grants was utilised for the development of erven and the erection of top structures.

24.6 Integrated National Electrification Grant

Opening balance	29,959	29,959
Grants received	4,000,000	-
Conditions met - Operating	(484,404)	-
Conditions met - Capital	(3,038,008)	-
Conditions still to be met/(Grant expenditure to be recovered)	507,547	29,959

The National Electrification Grant was used for electrical connections in previously disadvantaged areas.

24.7 Other Grants

Opening balance	1,947,713	(719,379)
Grants received	20,927,000	14,069,183
Conditions met - Operating	(12,379,373)	(8,944,453)
Conditions met - Capital	(1,170,933)	(2,457,638)
Conditions still to be met/(Grant expenditure to be recovered)	9,324,407	1,947,713

Various grants were received from other spheres of government of which the materiaal ones are: Library grants R 8 915 000, Main Roads Grant R 4 091 000, Draught Releive R 4 653 000 etc.

24.8 Total Grants

Opening balance	1,326,401	(700,031)
Grants received	136,362,739	137,668,796
Conditions met - Operating	(74,141,437)	(84,008,298)
Conditions met - Capital	(51,539,015)	(51,634,066)
Conditions still to be met/(Grant expenditure to be recovered)	12,008,688	1,326,401

Disclosed as follows:

Unspent Conditional Government Grants and Receipts	11,554,082	2,148,270
Unpaid Conditional Government Grants and Receipts	(12,375)	(821,870)
	11,541,707	1,326,400

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		2016 R	2015 R
25	**SERVICE CHARGES**		
	Electricity	201,090,660	173,256,510
	Water	42,166,718	34,394,598
	Refuse removal	26,508,826	24,323,464
	Sewerage and Sanitation Charges	26,091,673	24,032,661
	Bulk service levies	117,813	1,201,646
		295,975,710	257,208,879
	Less: Revenue Forgone	(16,433,558)	(16,939,409)
	Total Service Charges	**279,542,152**	**240,269,470**

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

26	**OTHER INCOME**		
	Application fees - Town Planning	35,670	51,582
	Building Plan Fees	727,198	922,869
	Cemetery Fees	213,865	180,501
	Clip Cards	172,862	123,893
	Collection Fees	187,210	109,681
	Damages Income	25,001	28,701
	Housing	257,257	257,453
	Industrial Effluent	21,421	24,907
	Insurance Claims Received	162,168	266,675
	Mayor's Golf Day	117,574	79,500
	Re-connection fees	222,219	249,949
	Refuse Bags	3,740	2,699
	Servitudes	4,828,322	-
	Skills Development Levies received	234,023	401,436
	Special Projects	42,350	36,020
	Sundry Income	1,070,936	616,470
	Total Other Income	8,321,816	3,352,336

27	**EMPLOYEE RELATED COSTS**		
	Salaries and Wages	76,362,708	77,140,497
	Bargaining Council Levy	47,186	45,221
	Bonuses	6,394,808	5,599,841
	Contributions For Pensions	11,875,700	11,333,127
	Contributions For Medical Aids	5,397,130	5,101,544
	Contributions For UIF	723,352	703,395
	Group Life Insurance	1,196,502	1,155,608
	Housing Benefits and Allowances	1,366,326	773,352
	Leave Reserve	1,995,605	2,296,975
	Long service awards	463,000	419,000
	Overtime	7,569,115	6,437,202
	Post Employment Health Care Benefits	3,164,000	2,926,000
	Travel, Motor Car, Accommodation, Subsistence and Other Allowances	4,303,986	3,935,492
		120,879,420	117,867,254
	Less: Employee Cost allocated elsewhere	(75,535)	(170,840)
	Total Employee Related Costs	120,803,885	117,696,414

KEY MANAGEMENT PERSONNEL

The Municipal Manager and Directors are appointed on 5-year fixed contracts.

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EMPLOYEE RELATED COSTS CONTINUED	2016 R	2015 R
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
Remuneration of the Municipal Manager		
Annual Remuneration	1,003,332	934,813
Performance Bonuses	179,012	169,214
Travelling Allowance	108,000	108,000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	260,419	233,742
Travelling Expenses	27,981	22,718
Total	1,578,743	1,468,487
Remuneration of the Director Technical Services		
Annual Remuneration	741,501	736,228
Performance Bonuses	137,839	130,295
Travelling Allowance	301,646	248,337
Contributions to UIF, Medical, Pension Funds and Bargaining Council	15,056	3,569
Travelling Expenses	31,437	7,641
Total	1,227,480	1,126,070
Remuneration of the Director Corporate Services		
Annual Remuneration	733,934	687,443
Performance Bonuses	137,839	130,295
Travelling Allowance	168,000	163,947
Contributions to UIF, Medical, Pension Funds and Bargaining Council	155,605	136,907
Travelling Expenses	84,969	31,966
Total	1,280,347	1,150,558
Remuneration of the Director Financial Services		
Annual Remuneration	649,236	574,243
Performance Bonuses	137,839	130,295
Travelling Allowance	180,000	180,000
Housing Allowance	52,902	84,611
Contributions to UIF, Medical, Pension Funds and Bargaining Council	175,226	149,144
Travelling Expenses	54,747	23,813
Cellphone Allowance	14,400	
Total	1,264,350	1,142,107
Remuneration of the Director Community Services		
Annual Remuneration	770,613	723,523
Performance Bonuses	137,839	130,295
Travelling Allowance	90,000	90,000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	196,459	174,323
Travelling Expenses	16,258	6,311
Total	1,211,169	1,124,452

28 REMUNERATION OF COUNCILLORS

Executive Mayor	770,070	675,018
Deputy Mayor	562,856	551,961
Speaker	591,642	548,827
Mayoral Committee Members	2,112,841	1,975,391
Ordinary Councillors	3,677,684	3,409,035
Pension fund contributions	904,426	865,783
Medical aid contributions	42,135	38,880
Total Councillors' Remuneration	8,661,654	8,064,895

In-kind Benefits

The Executive Mayor, Speaker and all the Mayoral committee members are full-time. The Executive Mayor, Speaker and all the Mayoral committee members are provided with secretarial support and an office at the cost of the Council.

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		2016	2015
29	**DEBT IMPAIRMENT**	R	R
	Long term Receivables - Note 6	-	163,924
	Receivables from exchange transactions - Note 3	21,039,343	11,728,585
	Receivables from non-exchange transactions - Note 4	13,502,947	14,633,442
	Total Contribution to Debt Impairment	34,542,290	26,525,951
30	**DEPRECIATION AND AMORTISATION**		
	Property Plant and Equipment	19,770,435	17,841,283
	Investment Property	316,029	315,166
	Intangible Assets	365,785	346,813
	Capitalised restoration cost	6,526,540	6,902,533
	Total Depreciation and Amortisation	26,978,789	25,405,795
31	**IMPAIRMENTS**		
	Property Plant & Equipment	21,500	22,534
	Total Impairments	21,500	22,534
32	**FINANCE CHARGES**		
	Long-term Liabilities	2,942,696	3,895,640
	Ex-Gratia Pension	35,000	24,000
	Post Employment Health Care Benefits	6,596,000	6,162,000
	Long service awards	514,000	407,000
	Capitalised restoration cost	6,676,457	2,325,563
	Total finance charges	16,764,153	12,814,203
33	**BULK PURCHASES**		
	Electricity	160,424,870	138,170,284
	Total Bulk Purchases	160,424,870	138,170,284
34	**GRANTS AND SUBSIDIES**		
	Council	282,229	293,200
	Tourism	687,033	628,570
	Total Grants and Subsidies	969,262	921,770

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35 GENERAL EXPENSES

	2016 R	2015 R
Audit Committee	132,530	85,041
Audit Fees	2,321,680	2,283,740
Bank Charges	574,445	445,912
Cell phone	246,756	393,738
Chemicals	1,017,316	660,803
Communication & Events	241,855	272,008
Commission	1,648,004	1,532,162
Connection Cost	1,034,910	617,673
Consultant Fees	142,900	178,150
Consumable Items	696,454	202,311
Data lines	218,552	196,290
Developing Projects	144,971	203,981
Entertainment	240,689	364,000
Eskom Electricity	1,500,751	1,461,121
Expenditure against Grants	3,772,005	-
Expenditure against Public Donations	541,575	316,917
Indigent costs	717,909	514,520
Insurance	930,302	856,326
Investigations	69,000	118,640
Job Creation	2,534,678	1,185,804
Job Discriptions	280,000	-
Koekedouw	1,217,737	437,010
Membership Fees	1,344,941	245,011
Printing and Stationary	1,489,461	1,954,117
Projects	265,467	1,150,843
Protective Clothing	570,082	659,197
Professional Fees	1,653,527	328,153
Refuse bags	1,758,648	1,741,102
Rental of Offices	558,315	508,557
Sewerage analysis	596,353	550,906
Soup Kitchen	160,000	165,000
Strategic Partnerships	406,474	407,904
Telephone and Postage	2,363,609	2,178,017
Training	1,010,444	1,480,583
Travel and Accommodation	1,139,511	1,389,847
TV Transponder	-	14,560
Valuation Costs	49,611	71,066
Vehicle Fleet Costs	5,383,060	5,387,177
Veterinary Expenses	250,000	250,000
Ward Committee Allowance	664,500	690,500
Wards	171,125	161,033
Water levies	155,486	705,339
Other	3,031,492	1,934,055
General Expenses	**43,247,125**	**34,299,114**

36 CORRECTION OF ERROR IN TERMS OF GRAP 3

36.1 Property, Plant and Equipment

Balance previously reported	**648,818,500**
Correction of depreciation - Note 36.4	7,612,423
Depreciation on new assets - Note 36.8 & Note 36.11	245,075
Depreciation on new assets for 2013/2014 - Note 36.12	335,320
Erf 3184 sold during May 2015 - Note 36.4	(235,837)
Balance now reported	**656,775,481**

36.2 Intangible Assets

Balance previously reported	722,757
Correction of depreciation - Note 36.4	1,966,990
Balance now reported	**2,689,747**

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	CORRECTION OF ERROR IN TERMS OF GRAP 3 CONTINUED	2016 R	2015 R
36.3	**Investment property**		
	Balance previously reported		49,009,502
	Correction of duplicated asset - Note 36.12		(176,246)
	Balance now reported		48,833,256
36.4	**Receivables from exchange transactions**		
	Balance previously reported		48,232,577
	Reduction in bank charges - Note 36.11		308,922
	Correction of old Debtor - Note 36.12		(63,746)
	Erf 3184 sold during May 2015 - Note 36.11		76,787
	Balance now reported		48,554,540
36.5	**VAT Receivable (net)**		
	Balance previously reported		4,607,068
	VATon Recognition of manual creditors - Note 36.7		322,569
	Correction of retention Money - Note 36.7		103,841
	Balance now reported		5,033,478
36.6	**Current Employee benefits**		
	Balance previously reported		12,991,960
	Correction of valuation of employee benefits - Note 36.11		1,760,486
	Correction of valuation of employee benefits - Note 36.12		756,214
	Balance now reported		15,508,660
36.7	**Payables from exchange transactions**		
	Balance previously reported		46,113,591
	Recognition of manual creditors - Note 36.9 & Note 36.1		3,933,616
	Correction of retention Money - Note 36.5		103,841
	Balance now reported		50,151,048
36.8	**Depreciation and Amortisation**		
	Balance previously reported		26,304,625
	Depreciation on new assets - Note 36.1		(245,075)
	Correction of depreciation - Note 38.4		(653,755)
	Balance now reported		25,405,795

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CORRECTION OF ERROR IN TERMS OF GRAP 3 CONTINUED	2016 R	2015 R
36.9 Contracted services		
Balance previously reported		**29,221,334**
Security services previously included with General Expenses - Note 36.1		4,313
Recognition of manual creditors - Note 36.11		1,561,402
Balance now reported		30,787,049
36.10 General Expenses		
Balance previously reported		**33,528,838**
Security services previously included with General Expenses - Note 36.9		(4,313)
Recognition of manual creditors - Note 36.11		1,083,511
Reduction in bank charges - Note 36.11		(308,922)
Balance now reported		**34,299,114**
36.11 Net Surplus for the year		
Balance previously reported		**74,496,079**
Erf 3184 sold during May 2015 - Note 36.4		(159,050)
Correction of valuation of employee benefits - Note 36.6		(1,760,486)
Depreciation on new assets - Note 36.1 & Note 36.8		245,075
Recognition of manual creditors - Note 36.9 & Note 36.1		(2,644,913)
Reduction in bank charges - Note 36.4		308,922
Correction of depreciation - Note 36.1		653,755
Depreciation on investment property for 2013/2014 - Note 36.3		
Balance now reported		71,139,381
36.12 Accumulated Surplus		
Balance previously reported		**549,388,095**
Correction of valuation of employee benefits - Note 36.6		(756,214)
Depreciation on new assets for 2013/2014 - Note 36.8		335,320
Recognition of creditor for 2013/2014 - Note 36.2		(966,135)
Correction of old Debtor - Note 36.4		(63,746)
Correction of duplicated asset - Note 36.3		(176,246)
Reversal of Non Current Investment - Note 36.13		(105,062)
Correction of Accumulated Depreciation - Note 36.1		8,925,658
Balance now reported		556,581,670
36.13 Ceres Koekedouw Management Committee		
Balance previously reported: Investment		**105,062**
Reversal of Non Current investment - Note 36.12		(105,062)
Balance now reported		-

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37 RECONCILIATION BETWEEN NET SURPLUS FOR THE YEAR AND CASH GENERATED BY OPERATIONS

	2016 R	2015 R
Surplus/(Deficit) for the year	64,856,329	71,139,381
Adjustments for:		
Depreciation	26,613,004	25,058,983
Amortisation of Intangible Assets	365,785	346,813
Gain on disposal of property, plant and equipment	3,728	(3,986,400)
Gain on Adjustment of Provision	-	(4,581,861)
Unamortised Discount on Loans	1,132,646	1,485,513
Debt Impairment	34,542,290	26,362,027
Debt Impairment - Long term receivables	-	163,924
Stock Adjustments	(377)	(1,302)
Contribution from/to provisions	6,676,457	2,325,563
Contribution from/to employee benefits	10,046,414	9,260,286
Actuarial Gain	(3,818,913)	(4,061,222)
Donated assets included in Public Contributions	-	(6,837,826)
Impairment written off	21,500	22,534
Operating lease income accrued	9,209	3,913
Operating Surplus/(Deficit) before changes in working capital	140,448,072	116,700,326
Changes in working capital	(22,761,599)	(18,349,256)
Increase/(Decrease) in Trade and Other Payables	3,556,592	11,739,366
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	9,405,812	870,761
Increase/(Decrease) in Unspent Public Contributions	(348,352)	611,791
Increase/(Decrease) in Taxes	(1,531,743)	(980,698)
(Increase)/Decrease in Inventory	1,921,194	229,445
(Increase)/Decrease in Trade and other receivables	(36,574,597)	(31,975,594)
(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	809,495	1,155,673
Cash generated/(absorbed) by operations	117,686,473	98,351,070

38 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES

Cash and Cash Equivalents - Note 2	97,039,728	62,383,031
	97,039,728	62,383,031
Less:	11,554,082	2,148,270
Unspent Committed Conditional Grants - Note 7	11,554,082	2,148,270
Resources available for working capital requirements	**85,485,646**	**60,234,761**
Allocated to:		
Capital Replacement Reserve	9,546,191	9,430,377
Employee Benefits Reserve	96,264,160	90,036,663
Non-Current Provisions Reserve	68,641,116	66,794,185
Shortfall in working capital requirements	**(88,967,821)**	**(106,026,464)**

39 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term Liabilities - Note 19	21,251,295	29,039,990
Used to finance property, plant and equipment - at cost	(21,251,295)	(29,039,990)
Cash Invested for repayment of long-term liabilities	-	-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

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40 BUDGET COMPARISONS

		2016 R	2015 R
Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance			
Net surplus/deficit per the statement of financial performance		64,856,329	
Adjusted for:			
Fair value adjustments	a)	(3,818,912)	
Depreciation and Amortisation recognised / reversed	b)	(1,625,073)	
Increases in debt impairment	c)	(5,681,990)	
Employee related cost	d)	(3,083,609)	
Finance Charges	e)	(4,624)	
Bulk Purchases	f)	(19,105)	
Other Expenditure	g)	(4,546,772)	
Rates & Service Charges	h)	(8,225,176)	
Grants & Donations	i)	4,338,732	
Other Income	j)	(13,361,200)	
Net surplus/deficit per approved budget		28,628,600	

a) Actuarial gains on Employee Benefits
b) Depreciation less than expected due to slow capital spending
c) Collection ratio less than expected. Collection of traffic fines to slow
d) Employee cost less than budget due to vacancies not filled timeously
e) Loans redeemed
f) Bulk purchases less than expected.
g) Contracted Services less than budget due to effective contract management.
h) Property rates increase due to the inclusion of the District Management Area
i) Improved spending of Grants received.
j) More interest earned than expected and Income received from Servitute

Please refer to the statement of comparison of budget and actual amounts for more information.

41 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

41.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	7,757,172	
Unauthorised expenditure current year - operating		7,757,172
Condoned by council	(7,757,172)	-
Unauthorised expenditure awaiting authorisation	-	7,757,172

Unauthorised expenditure on operating votes are due to:
- Increased depreciation on Capital Restoration cost and
- Debt impairment of service and fines debtors..

41.2 Material Losses

	2016	2015
Water distribution losses		
- Kilolitres purified	6,088,276	7,079,144
- Kilolitres sold	5,125,931	5,615,840
- Kilolitres lost during distribution	962,345	1,463,304
- Percentage lost during distribution	15.81%	20.67%
- Value of kilolitres lost during distribution	622,405	836,035
- The value of kilolitres lost is based on the treatment cost of water.		
Electricity distribution losses		
- Units purchased (Kwh)	200,214,058	194,232,557
- Units sold (Kwh)	183,813,777	177,550,538
- Units lost during distribution (Kwh)	16,400,281	16,682,019
- Percentage lost during distribution	8.19%	8.59%
- Value of units lost during distribution (Kwh)	13,141,000	11,867,008

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		2016 R	2015 R
42	**ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**		
42.1	**Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS**		
	Opening balance	-	-
	Council subscriptions	1,336,228	231,672
	Amount paid - current year	(1,336,228)	(231,672)
	Balance unpaid (included in Payables from exchange transactions)	-	-
42.2	**Audit fees - [MFMA 125 (1)(c)]**		
	Opening balance	-	-
	Current year audit fee	2,454,210	2,368,781
	External Audit - Auditor-General	2,321,680	2,283,740
	Audit Committee	132,530	85,041
	Amount paid - current year	2,454,210	2,368,781
	Balance unpaid (included in Payables from exchange transactions)	-	-
42.3	**VAT - [MFMA 125 (1)(c)]**		
	Opening balance	(1,405,076)	2,386,275
	Amounts received - Output VAT - current year	(37,458,637)	(36,231,268)
	Amounts claimed - Input VAT - current year	35,679,803	31,323,847
	Amount paid - current year	7,986,829	3,502,345
	Amount paid - previous year	1,405,076	(2,386,275)
	Closing balance	6,207,995	(1,405,076)
	Vat in suspense due to cash basis of accounting		
	Input VAT	5,433,574	7,875,002
	Output VAT	1,131,647	(2,841,524)
	Receivable	6,565,221	5,033,478

VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.

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		2016 R	2015 R
42.4	PAYE, SDL and UIF - [MFMA 125 (1)(c)]		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	14,972,701	13,031,218
	Amount paid - current year	(14,972,701)	(13,031,218)
	Balance unpaid (included in Payables from exchange transactions)	-	-
42.5	Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	28,799,248	27,177,307
	Amount paid - current year	(28,799,248)	(27,177,307)
	Balance unpaid (included in Payables from exchange transactions)	-	-

42.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]

No Councillors had arrear accounts for more than 90 days as at 30 June 2016:

During the year no Councillors had arrear accounts outstanding for more than 90 days.

42.7 Discloser in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005

Regulation 36 (2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36 (1) (a)

			Type of deviation		
	Amount	Single Supplier	Impossible	Impractical	Emergency
July	505,608	2	-	14	-
August	771,962	7	-	14	2
September	440,308	7	-	12	5
October	7,066,459	15	-	23	12
November	1,004,235	4	-	26	8
December	1,660,024	8	-	23	14
January	149,923	3	-	8	3
February	928,984	8	-	12	10
March	678,055	4	-	15	8
April	1,307,119	8	-	9	5
May	4,022,950	13	-	11	11
June	960,115	12	1	15	3
	19,495,742	91	1	182	81

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R

Regulation 45 - Details of awards made to close family members of persons in service of State

Name of supplier	Member of company who has relationship with person in the service of the state	Relationship to person in the service of the state	Name of person in the service of the state	Employer and capacity of person in service of the state	Value of transactions
Williams Loodgieters	SR Williams	Husband	R Williams	Dept. of Health: Nurse	R 104,740
L & E Blinds	AHE de Jongh	Husband	E de Jongh	Dept. Correctional services: Correctional officer	R 2,419
Queen's Cake	M Zimri	Wife	JJ Zimri	Department of Correctional Services; Correctional officer	R 666
		Mother	MM Zimri	Witzenberg Municipality: Supervisor meter readers	
SEW Plumbing	SE Williams	Wife	L Williams	Dept. of Health: Admin Officer	R 443,064
		Mother	R Williams	Dept. of Health: Nurse	
Regan Brown Attorneys	R Brown	Brother	E Johnson	City of Cape Town: Traffic Dept	R 210,232
		Brother	D Johnson	SAPS: Worcester	
O'neil & Visser Attorneys	CW O'neil	Husband	H O'neill	DOJ: Worcester	R 653,363
Vox Elektries	F Blom	Husband	M Blom	SAPS: Officer	R 119,538
Witzenberg Concrete	D Ontong	Wife	C Ontong	WCED: Teacher	R 29,331
JC Fencing	JJ Abrahamse	Father	K Abrahamse	Witzenberg Municipality: Traffic Officer	R 73,240
Freddie Opperman	Freddie Opperman	Wife	J Opperman	WCED: Teacher	R 14,800
SJ Peres	SJ Peres	Brother IDP	S Peres	Witzenberg Municipality: Accountant Expenditure	R 2,600
P Swarts	P Swarts	Husband	L Swarts	Pharmacist: Ceres Provincial Hospital	R 1,990
CJ Services	C Hofmeester	Cousin	F Hofmeester	Witzenberg Municipality: SCM Practitioner	R 1,740
AON (Pty) Ltd	N Mangyanga	Mother		Department of Education	R 1,439,797
		Father		Department of Transport	

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43 COMMITMENTS

	2016 R	2015 R
Commitments in respect of expenditure:		
Approved and contracted for	44,079,157	34,862,077
Infrastructure	12,144,820	14,190,064
Community	587,631	748,000
Other Capital	4,687,590	-
Operational	26,659,116	19,924,013
Total	44,079,157	34,862,077

44 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

0.5% Increase in interest rates	382,371	175,831
0.5% Decrease in interest rates	(382,371)	(175,831)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss. Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 3 and 4 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 3 for balances included in receivables that were re-negotiated for the period under review.

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	2016 R	2015 R

FINANCIAL RISK MANAGEMENT CONTINUED

Balances past due not impaired:

	2016 %	2016 R	2015 %	2015 R
Long Term Receivables				
Rates & other	0.00%	-	34.46%	113,693
Exchange Receivables				
Electricity	80.60%	31,960,554	77.63%	28,086,265
Water	14.78%	8,523,087	13.77%	8,657,323
Housing Rentals	5.01%	61,901	5.66%	133,096
Refuse	10.33%	2,970,103	11.77%	4,108,468
Sewerage	11.48%	2,710,023	12.30%	3,467,962
Other	18.74%	312,473	23.99%	667,869
Land Sales	100.00%	3,356,771	100.00%	3,433,559
	32.00%	49,894,912	28.44%	48,554,542

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 3 and 4 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2016 %	2016 R	2015 %	2015 R
Long Term Receivables				
Rates & Other	0.00%	-	0.13%	163,924
Exchange Receivables				
Electricity	7.25%	7,692,497	6.62%	8,095,403
Water	46.33%	49,125,488	44.31%	54,209,322
Housing Rentals	1.11%	1,173,789	1.81%	2,216,765
Refuse	24.32%	25,788,269	25.18%	30,812,398
Sewerage	19.71%	20,904,562	20.21%	24,730,836
Other	1.28%	1,354,648	1.73%	2,116,125
	100.00%	106,039,253	100%	122,180,850

The provision for bad debts could be allocated between the different categories of debtors as follows:

	2016 %	2016 R	2015 %	2015 R
Residential	89.11%	94,494,237	91.08%	111,435,181
Commercial	6.02%	6,387,057	4.28%	5,234,370
Government	1.02%	1,083,997	1.81%	2,219,557
Other	3.84%	4,073,962	2.82%	3,455,666
	100.00%	106,039,253	100.00%	122,344,774

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FINANCIAL RISK MANAGEMENT CONTINUED

	2016 %	2016 R	2015 %	2015 R
Bad debts written off per debtor class:				
Long Term Receivables				
Rates & other	0.57%	240,634	0.00%	-
Exchange Receivables				
Electricity	25.84%	10,992,555	21.63%	1,271
Water	37.57%	15,981,245	37.58%	2,208
Housing Rentals	0.81%	342,556	1.40%	83
Refuse	18.74%	7,972,350	20.87%	1,227
Sewerage	15.39%	6,546,397	16.86%	990
Other	1.09%	462,157	1.66%	98
	99.43%	42,297,260	100.00%	5,876

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

Financial assets exposed to credit risk at year end are as follows:	2016 R	2015 R
Long term receivables	7,495	165,993
Receivables from exchange transactions	49,894,912	48,232,577
Cash and Cash Equivalents	97,031,303	62,374,606
Unpaid conditional grants and subsidies	12,375	821,870
	146,946,085	111,595,046

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FINANCIAL RISK MANAGEMENT CONTINUED

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2016				
Long Term liabilities	12,185,646	11,417,974	2,091,424	-
Capital repayments	10,092,926	9,218,805	1,932,984	-
Interest	2,092,720	2,199,169	158,439	-
Trade and Other Payables	50,347,007	-	-	-
Unspent conditional government grants and receipts	11,554,082	-	-	-
	74,086,735	11,417,974	2,091,424	-

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2015				
Long Term liabilities	12,010,848	20,671,357	3,776,013	-
Capital repayments	8,859,732	16,769,605	3,404,972	-
Interest	3,151,116	3,901,752	371,041	-
Trade and Other Payables	46,959,498	-	-	-
Unspent conditional government grants and receipts	2,148,270	-	-	-
	61,118,616	20,671,357	3,776,013	-

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45 FINANCIAL INSTRUMENTS

In accordance with IAS 39.09 the financial instruments of the municipality are classified as follows:

The fair value of financial instruments approximates the amortised costs as reflected below.

45.1 Financial Assets

	Classification	2016 R	2015 R
Long-term Receivables			
Officials Housing Loans	Financial instruments at amortised cost	167	268,717
Rates (Re-negotiated terms)	Financial instruments at amortised cost	7,328	41,553
Councillor Allowances	Financial instruments at amortised cost	-	24,300
Receivables			
Receivables from exchange transactions	Financial instruments at amortised cost	49,894,912	48,554,541
Other Receivables			
Government Subsidies and Grants	Financial instruments at amortised cost	12,375	821,870
Current Portion of Long-term Receivables			
Officials Housing Loans	Financial instruments at amortised cost	167	20,071
Sport Club Loans	Financial instruments at amortised cost	7,328	7,929
Bank Balances			
Bank Balances	Financial instruments at amortised cost	97,031,303	62,374,606
		146,953,580	112,113,587

SUMMARY OF FINANCIAL ASSETS

Financial instruments at amortised cost	146,953,580	112,113,587
At amortised cost	146,953,580	112,113,587

45.2 Financial Liability

	Classification	2016 R	2015 R
Long-term Liabilities			
Annuity Loans	Financial instruments at amortised cost	10,516,601	20,180,258
Capitalised Lease Liability	Financial instruments at amortised cost	641,769	-
Payables from exchange transactions			
Trade creditors	Financial instruments at amortised cost	43,197,262	38,865,430
Retentions	Financial instruments at amortised cost	4,574,403	4,266,894
Deposits	Financial instruments at amortised cost	1,443,497	1,114,914
Other	Financial instruments at amortised cost	1,131,845	2,712,460
Other Payables			
Government Subsidies and Grants	Financial instruments at amortised cost	11,554,082	2,148,270
Current Portion of Long-term Liabilities			
Annuity Loans	Financial instruments at amortised cost	9,725,206	8,806,191
Capitalised Lease Liability	Financial instruments at amortised cost	367,719	53,541
		83,152,384	78,147,758

SUMMARY OF FINANCIAL LIABILITY

Financial instruments at amortised cost	83,152,384	78,147,758

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		2016 R	2015 R
46	**IN-KIND DONATIONS AND ASSISTANCE**		
	Land and Buildings donated by Provincial government		6,637,826

47 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

48 CONTINGENT LIABILITY

Claims against Council	3,398,459	4,243,631
Estimate legal Fees	510,000	721,023

The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. Management are respectfully of opinion that this matter will be successfully defended. The Municipality is defending all the claims. The amounts indicated is Management's estimated financial exposure. The following are naritives of the cases:

GP Bezuidenhout	Mr Gert Bezuidenhout has issued a summons out of the High Court against the Municipal Manager and Witzenberg Municipality for damages. Mr Bezuidenhout's claim is based on the premise that the Municipal Manager made an affidavit in the labour matter instituted by Mr Bezuidenhout that he was found guilty of fraud whilst he was found guilty of a lesser dishonest offence.	-	844,349
F Daniels / SALGBC & two others	The applicant was the former Manager of Traffic. He was dismissed after an internal disciplinary hearing on 21/09/2009, where after he unsuccessfully appealed internally against the sanction of dismissal. Management is of opinion that the risk of the municipality being ordered to pay Mr Daniel's legal fees is slim.	1,000,000	1,000,000
Ceres Inn	Ceres Inn alleged that they delivered a service to Witzenberg Municipality by providing lunch/dinner to a former Mayor. Management denies this allegation until proof can be provided in the form of an order number, which must be issued beforehand according to our supply chain policies.	-	823
L Louw	A child was assaulted at the Pine Forest. The claimant alleged that the security measures at the Pine Forest were not sufficient to protect the child. The case was submitted to the municipality's insurance broker. The chance that any amount might be payable by the municipality is remote.	1,427,600	1,427,600
F Viljoen	On 23 July 2011 at approximately 00h30 and along Retief Street, Ceres, the Plaintiff sustained serious injuries after colliding with a heap of gravel which the claimant alleged had been placed in the middle of the street by persons in the employment of the Municipality. The case was submitted to the municipality's insurance broker. The chance that any amount might be payable by the municipality is remote.	251,672	251,672
Telemasters	Witzenberg municipality cancelled the contract with Telemasters according to the stipulations of the contract. Telemasters alleges that the contract was not cancelled and sued the municipality for breach of contract. The chance that any amount might be payable by the municipality is remote.	133,421	133,421
Packaging Services PTY (Ltf)	Plaintiff alleges that the Witzenberg Municipality do not comply with the permit conditions for the Tulbagh landfill site. Plaintiff seek closure of, or improved management of the landfill site.		
Gunter	Plaintiff claims damages from the municipality after she fell on the sidewalk. The case was submitted to the municipality's insurance broker. The chance that any amount might be payable by the municipality is remote.	585,766	585,766
		3,398,459	4,243,631

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		2016 R	2015 R
49	**RELATED PARTIES**		

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

49.1 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted.

49.2 Compensation of key management personnel

The compensation of key management personnel is set out in Note 27 to the Annual Financial Statements.

49.3 Other related party transactions

No purchases were made during the year where Councillors or staff have an interest.

49.4 Ceres Koekedouw Management Committee

Ceres Koekedouw Management Committee is an entity established by the Witzenberg Municipality and the Koekedouw Irrigation Board. Ceres Koekedouw Management Committee is responsible for the management of the Koekedouw Dam, jointly owned by Witzenberg Municipality and the Koekedouw Irrigation Board.

The following contributions included with General Expenses were paid to the Ceres Koekedouw Management Committee	1,217,737	437,010

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APPENDIX A - Unaudited
WITZENBERG MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2016

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2015	Received during the period	Redeemed / written off during the period	Balance at 30 JUNE 2016
ANNUITY LOANS							
ABSA	10.21%	90-9200-8204	30-12-15	6,427		6,427	0
ABSA	10.21%	20-9200-9990	30-12-15	10,986		10,986	0
ABSA	10.21%	0-9205-8859	30-12-15	3,015		3,015	0
NED BANK	8.00%	5032156 0001	30-05-15	-		-	0
NED BANK	8.00%	5032113 0001	30-05-18	647,876		199,306	448,570
NED BANK	8.00%	5032032 0001	30-05-23	7,469,327		705,805	6,763,522
CERES GOLF CLUB	18.00%	49	30-06-18	20,459		20,459	0
DBSA	12.00%	10478/102	30-09-17	954,738		617,728	337,009
DBSA	12.00%	10525/104	31-03-17	12,001,757		5,547,077	6,454,680
DBSA	15.25%	11188/101	30-09-18	4,822,592		1,134,428	3,688,164
DBSA	15.50%	10772/101	30-09-18	1,095,010		256,750	838,260
DBSA	9.50%	102040/1	30-09-21	210,252		24,660	185,592
DBSA	10.75%	13161/101	31-12-14	-		-	0
DBSA	15.25%	13164/101	31-12-14	-		-	0
DBSA	8.59%	100605/1	30-06-23	1,744,010		218,001	1,526,009
Total Annuity Loans				**28,986,449**	**-**	**8,744,642**	**20,241,807**
LEASE LIABILITY							
Office Equipment		Various	2012/02/29	53,541	1,175,887	219,940	1,009,488
Total Lease Liabilities				**53,541**	**1,175,887**	**219,940**	**1,009,488**
TOTAL EXTERNAL LOANS				**29,039,990**	**1,175,887**	**8,964,582**	**21,251,295**

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APPENDIX B - Unaudited
WITZENBERG MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016
MUNICIPAL VOTES CLASSIFICATION

2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R		2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R
64,349,868	(33,688,022)	30,661,846	Budget & Treasury Office	72,550,461	(32,305,839)	40,244,623
114,181,580	(86,466,051)	27,715,529	Civil Services	132,166,224	(107,774,542)	24,391,682
59,551,132	(18,972,879)	40,578,253	Community & Social Services	66,763,386	(23,018,404)	43,744,982
19,864,088	(34,609,141)	(14,945,053)	Corporate Services	5,625,927	(28,769,266)	(23,143,338)
172,655,333	(157,605,330)	15,050,003	Electro Technical Services	202,548,876	(182,233,016)	20,315,860
4,112,420	(22,068,988)	(17,956,568)	Executive & Council	165,626	(24,135,106)	(23,969,481)
15,582,685	(17,743,879)	(2,161,194)	Housing	836,596	(2,906,534)	(2,069,938)
2,275,301	(4,421,119)	(2,145,818)	Planning	980,307	(6,592,167)	(5,611,860)
13,821,096	(19,815,816)	(5,994,720)	Public Safety	12,897,601	(21,276,062)	(8,378,461)
20,130,062	(19,792,958)	337,103	Sport & Recreation	14,944,879	(20,458,485)	(5,513,606)
488,323,565	(415,184,183)	71,139,381	**Total**	509,479,884	(449,469,421)	60,010,463

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APPENDIX C - Unaudited
WITZENBERG MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R		2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R
4,112,420	(20,310,180)	(16,197,760)	Executive and Council	159,924	(14,968,966)	(14,809,042)
64,349,868	(33,688,022)	30,661,846	Budget and Treasury Office	72,550,461	(30,779,873)	41,770,589
19,983,024	(36,308,110)	(16,325,086)	Corporate Services	5,625,927	(31,204,632)	(25,578,704)
2,275,301	(7,342,625)	(5,067,323)	Planning and Development	980,307	(5,299,838)	(4,319,532)
59,294,209	(16,274,360)	43,019,849	Community and Social Services	65,777,189	(18,229,670)	47,547,519
15,582,685	(17,743,879)	(2,161,194)	Housing	836,596	(2,906,534)	(2,069,938)
9,872,458	(17,063,447)	(7,190,990)	Public Safety	8,548,322	(18,278,805)	(9,730,483)
20,130,062	(19,792,958)	337,103	Sport and Recreation	14,944,879	(20,442,636)	(5,497,757)
256,923	(975,940)	(719,016)	Environmental Protection	986,197	(1,050,653)	(64,456)
25,291,453	(30,379,267)	(5,087,814)	Waste Management	23,218,849	(38,478,357)	(15,259,508)
38,644,505	(23,566,236)	15,078,268	Waste Water Management	49,455,678	(26,928,263)	22,527,415
16,137,212	(17,103,031)	(965,819)	Road Transport	14,253,291	(23,822,405)	(9,569,114)
38,057,049	(18,169,885)	19,887,164	Water	49,587,685	(21,495,667)	28,092,018
172,336,396	(156,409,752)	15,926,645	Electricity	202,548,876	(181,150,396)	21,398,480
-	-	-	Other	-	-	-
486,323,565	(415,127,693)	71,195,872	Total	509,474,182	(435,036,696)	74,437,486

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APPENDIX D - Unaudited
WITZENBERG MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS	Balance 1 JULY 2015	Grants Received	Operating expenditure during the year Transferred to revenue	Capital expenditure during the year Transferred to revenue	Balance 30 JUNE 2016	Unspent 2016 (Payable)	Unpaid 2016 (Receivable)
	R	R	R	R	R	R	R
National Government Grants							
Finance Management Grant	(441)	1,450,000	(1,179,615)	(269,944)	-	-	-
Municipal Systems Improvement Grant	-	930,000	(361,200)	(568,800)	(0)	-	0
Municipal infrastructure Grant	(650,831)	25,278,000	(4,445,988)	(19,482,858)	698,323	698,323	-
Regional Bulk Infrastructure Grant (DWAF)	-	-	-	-	-	-	-
Housing - Kluitjieskraal	-	-	-	-	-	-	-
Integrated National Electricity Program	29,959	4,000,000	(484,404)	(3,038,008)	507,548	507,548	-
Equitable share	-	54,850,000	(54,850,000)	-	0	0	-
Department of Rural Development	555,515	-	(10,360)	(74,000)	471,155	471,155	-
ACIP funds (DWAF)	-	-	-	-	-	-	-
Expanded Public Works Programme	(103,813)	1,041,000	(949,563)	-	(12,375)	-	12,375
Neighbourhood Development Plan	321	-	-	-	321	321	-
Provincial Government Grants							
Library services	536,287	3,115,000	(1,494,607)	(740,007)	1,416,673	1,416,673	-
Library services Replacement Funding	(66,785)	5,800,000	(5,662,719)	(70,496)	(0)	-	0
CDW	260,922	144,000	(67,107)	-	337,816	337,816	-
Main roads	-	4,091,000	(4,091,000)	-	-	-	-
Municipal Infrastructure Support Grant	145,266	600,000	-	(150,672)	594,594	594,594	-
Draught Relief	-	4,653,000	-	(135,758)	4,517,242	4,517,242	-
Housing	-	28,927,739	(440,857)	(27,008,472)	1,478,410	1,478,410	-
Multipurpose Centre	-	433,000	(211,000)	-	222,000	222,000	-
Financial Management Training	620,000	1,050,000	(360,000)	-	1,310,000	1,310,000	-
Total	1,326,402	136,362,739	(74,608,419)	(51,539,015)	11,541,706	11,554,082	12,376

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